

Western Europe

COCOM Two incidents of the past week underlined the growing opposition of other COCOM members to the American position on strategic trade with the Soviet bloc. The other COCOM delegates stress the easing of the cold war in defense of their attitude.

In the case of Italy's request for permission to include \$1,000,000 worth of embargoed bearings in its trade agreement with Czechoslovakia, only Belgium supported the United States in an attempt to bloc COCOM's granting of the necessary exception.

In the other case, a French official indicated to the American embassy that his government intended to negotiate with the USSR a new trade agreement involving cargo ships and lead, without subsequent reference to COCOM. (SECRET)

FRANCE Mayer's overthrow was a blow to American policy objectives in Western Europe. Ex-premier Pinay's rising prestige in recent weeks makes him a strong contender for the premiership, although the impending Bermuda talks makes his limited knowledge of foreign affairs a serious handicap.

Any subsequent government will probably be given some of the special financial powers vainly demanded by Mayer, but no basic change is likely in the government's tight financial situation, and a further increase in inflationary pressures and new cuts in defense expenditures can be expected.

The Gaullists' eagerness to participate in the government and their recent electoral defeats make it unlikely that they will affect the government's policy on EDC as much

as had been feared earlier. The increasing possibility of four-power talks, however, will make it easier for any new premier to postpone action on the treaty until the fall. (SECRET)